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SCOPE NOTE

The evacuation of Palestine Liberation Organization personnel from West Beirut has altered the political climate in the Middle East. The PLO and the Arab states that support it are faced more directly than ever with hard choices about the "Palestinian issue." In the immediate aftermath of the war, Israel has been surprised to discover that its military victory has not produced the expected political dividends and seems to have strengthened its antagonists' political hand. The introduction of both a US and an Arab initiative for dealing with the Palestinians' political future has intensified the debate within the PLO and Israel and among the Arab states.

This Estimate examines the likely effects of the movement of PLO personnel on regional developments over the next six months to a year. It assesses the impact of the relocation on the PLO's cohesiveness and on its future policies. It considers the effects on the host governments and their influence over their guests. It assesses the implications of the evacuation for the political future of the West Bank and Gaza and for the position of both superpowers in the region.

KEY JUDGMENTS

The PLO scored temporary political gains during the Lebanese crisis by winning an improved international image and focusing attention on the broader Palestinian issue. Its long-term political position, however, is weaker than before the Israeli invasion because it lost its independent base of operation and is more dependent on the Arab states.

The PLO will remain organizationally intact for at least the next year, but political divisions between the moderate and radical wings are increasing over the moderate majority's efforts to involve the organization in Middle East negotiations.

The PLO evacuated about 8,500 personnel from Beirut. The bulk of the PLO's fighting forces remained behind in northern and eastern Lebanon. They now number approximately 13,000,¹ including 1,000 or more re-infiltrated via Syria. Most evacuated personnel outside of Syria are likely to stay put for the next several months, barring dramatic Middle East political developments or a sharp decline in PLO morale.

¹This number includes regular military structured units plus paramilitary units theoretically under the control of the military commander for the area. It does not include irregular militia forces with some military training.

The host governments are keeping the dispersed PLO units under tight security, and

25X1

Secret

Comments

NIE IIM

hosts' domestic situation. Serious problems could develop if PLO morale and discipline decline.

The member groups are unlikely to countenance the transformation of the PLO into a strictly political movement. Whether they turn to violence on a large scale will depend on the progress of diplomatic efforts to find a solution to the Palestinian problem.

Arafat's leadership within the PLO and his influence in Arab councils is temporarily stronger than ever. He faces a greater challenge, however, from the radical PLO groups committed in varying degrees to leftist ideologies and more militant hostility toward Israel. Although his advantage over other PLO leaders is likely to diminish during the next year, Arafat will remain the dominant figure in the PLO.

The PLO power balance favors the moderates. Arafat and other moderate leaders believe President Reagan's Middle East initiative contains positive elements, but they are not willing to give it a qualified endorsement. Progress toward a compromise solution of the Palestinian issue would strengthen the moderates' willingness to confront the radicals. Stalemate will continue to work to the advantage of the radicals.

Even among the moderates, however, there is skepticism about US resolve to remain committed to the plan in the face of Israeli opposition. Arafat will probably claim that the PLO cannot make additional concessions without a demonstration of Israeli willingness to compromise or further indications of US intentions, such as sanctions against Israel if settlement activity on the West Bank continues.

Arafat knows that recognition of Israel would irrevocably split the PLO. His need to seek PLO consensus, his conviction that Israel will reject all compromise, and his wariness concerning US intentions will reinforce his inherent reluctance to make any but minor and incremental diplomatic moves. Arafat, in fact, is more likely to err on the side of caution than to risk splitting the PLO.

Syrian President Assad's increased influence over the PLO radicals improves his ability to prevent the PLO from adopting policies he dislikes. Arafat, however, is less dependent on Syria and more willing to take stands independently of Damascus, but he is unlikely to agree to any Middle East settlement that Syria rejects.

The Arab states seem prepared to continue financing the PLO at roughly the same level as before the Beirut evacuation. Saudi Arabia and Kuwait apparently provide the bulk of the aid received by Fatah and the Fatah-dominated Central PLO treasury. Libya is the main

25X1

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source of the radicals' funds.

The PLO in the near term is likely to preserve its enhanced position in Arab councils. The moderate Arab states and the PLO will work to keep their policies from diverging.

If Arafat can maintain his influence over PLO radicals, he is likely during the next year to agree in principle to some form of Palestinian affiliation with Jordan and to give Jordan a qualified mandate to explore Middle East peace initiatives. Most Palestinians in the West Bank and Gaza will continue to accept the PLO as their representative, unless a breakthrough in the peace process convinces them the PLO is missing a real chance for an advantageous agreement with Israel.

The PLO mainstream would welcome a dialogue with the United States but it is unlikely to pay the price of an unconditional recognition of Israel.

The USSR's ineffective response to the Israeli invasion of Lebanon severely strained relations between the PLO and Moscow. The Palestinians are muting their dissatisfaction, however, because they value the Soviet connection as a vital source of arms and potential leverage on the United States and the Arabs.

Moscow will attempt to disrupt efforts to establish a PLO-US dialogue, knowing that PLO participation in a US-sponsored peace initiative would severely diminish Soviet influence. The Soviets will try to reconcile differences between Arafat and Syrian President Assad. The widening rift between them complicates Moscow's efforts to stay on good terms with both.

As long as Arafat can credibly hold out prospects for progress in the diplomatic arena and maintain PLO discipline, the PLO groups will probably forgo international terrorism. Radical elements will be harder to control in the present circumstances, however, and even the moderate leaders may be forced to approve limited attacks to maintain their leadership if diplomatic successes are not forthcoming.

Non-PLO Palestinian extremists and sympathetic non-Palestinian terrorist groups have already stepped up terrorist attacks as a result of the Israeli invasion. Their plans increasingly include US and moderate Arab targets along with the traditional Jewish and Israeli interests.